

25X1A

CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

# INFORMATION REPORT

COUNTRY Austria/US R

DATE DISTR. 15 July 1948

SUBJECT Dealings of Soviet Element with Austrian Trade Ministry

NO. OF PAGES 2

PLACE ACQUIRED 25X1A

NO. OF ENCLS. (LISTED BELOW)

25X1A

DATE OF INFO 7 - 14 July 1948

SUPPLEMENT TO REPORT NO.

25X1X

1. On 7 July 1948, the Austrian Trade Ministry was requested by the Soviet Element to furnish all details of the Austrian plan for machinery allocations for the second quarter of 1948.
2. Engineer Zukhanov of the Soviet Element repeated this demand to the Ministry on 9 July. The Ministry refused, claiming that it would be too difficult technically to prepare such a list in this limited time and maintaining that the Russian demand exceeded the limits of Austria's accountability to the occupation powers as laid down in the Allied Council note of 12 April 1947.
3. Zukhanov ordered the list transmitted to the Soviet Element complete in detail by 12 July. Otherwise, he threatened, all Russian granting of waybills for Austrian freight across the demarcation line would cease immediately.
4. Minister of Trade Ernst Kolb was at first unwilling to comply with this demand. The Soviets claim that this is to be the last quarterly list under the system of controls, which will be removed from machinery for the next quarter. garbled in the ori

25X1A

25X1A

5. Engineer Georgi Andreyevich Kulagin, chief of the Economic Division, Soviet Element, ACA, in discussions with the Austrian Trade Ministry on 9 July, amplified Zukhanov's threats. Kulagin claimed that USIA firms were being badly treated by the Austrian Government; that, in some cases, legal proceedings had been introduced against buyers of USIA wares. Furthermore, he stated that the eastern zone was being slighted in the distribution of metals; that lumber had been exported to the western zones, although the western zones had more lumber available than the eastern zone, which needed wood for its own use.
6. Kulagin emphasized, however, that the real cause for dissatisfaction was the insufficient allocations of raw and auxiliary materials to USIA plants. If these conditions continued, Kulagin predicted that the same situation would develop in Vienna as in Berlin.

REVERSE FOR DECLASSIFICATION ACTION

CLASSIFICATION

SECRET

STATE	RK1	NAVY	NSRB	DISTRIBUTION	SECRET
ARMY	#	AIR			

AUG 5 1948

Approved For Release 2001/03/05 : CIA-RDP82-00457R00170017009-0

Extracted by LRBV CAPTE

~~SECRET~~

CENTRAL INTELLIGENCE AGENCY

**CONFIDENTIAL**

- 2 -

7. On 12 July, Minister Kolb requested a meeting with Kulagin to discuss the problem. An appointment was granted for 14 July. Kolb is to take the director-general of Alpine Montan with him to the interview.
8. The Trade Ministry reports that meanwhile some firms producing machinery have complained to the Ministry that their goods are not being permitted by the Soviets to cross the demarcation line.

~~SECRET~~

**CONFIDENTIAL**